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**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC  
DEVELOPMENT DISTRICT (THE BIODISTRICT)  
NEW ORLEANS, LOUISIANA**

**COMPILED FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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GREATER NEW ORLEANS BIOSCIENCES ECONOMIC  
DEVELOPMENT DISTRICT (THE BIODISTRICT)  
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COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Board of Commissioners  
Greater New Orleans Biosciences Economic Development District  
New Orleans, Louisiana

We have compiled the accompanying financial statements of the governmental activities and the general fund of the Greater New Orleans Biosciences Economic Development District (the BioDistrict) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the BioDistrict's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 21, 2013

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT**  
**(THE BIODISTRICT)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2012**

This report offers readers of these financial statements an overview and analysis of the financial activities of The Greater New Orleans Biosciences Economic Development District (the BioDistrict). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the BioDistrict's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

**FINANCIAL HIGHLIGHTS**

- The BioDistrict's total net position at year-end were (\$252,554) and (\$98,254) at December 31, 2012 and 2011.
- Results of operations for the years ended December 31, 2012 and 2011 resulted in an excess of expenditures over revenues in net position of \$154,300 and \$190,220, respectively.
- The BioDistrict's primary funding source for 2012 and 2011 was a Federal grant from the State of Louisiana in the amount of \$2,400,000 for its local government infrastructure program. The BioDistrict received \$106,671 in fiscal year 2012 and \$921,109 of funds in fiscal year 2011.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presented in two separate columns that present different views of the BioDistrict:

- The government-wide financial statements provide both long-term and short-term information about the BioDistrict's overall financial status.
- The fund financial statements focus on the BioDistrict's governmental operations and report these operations in more detail than the government-wide statements.
- The governmental funds statement tells how the general government operated for the year.

**Government-wide Statements**

The government-wide statements report information about the BioDistrict as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BioDistrict's net position and how they have changed. Net position – the difference between the BioDistrict's assets and liabilities – is one way to measure the BioDistrict's financial health, or position.

- Over time, increases or decreases in the BioDistrict's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the BioDistrict you need to consider additional nonfinancial factors such as economic factors.

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT**  
**(THE BIODISTRICT)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2012**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the BioDistrict's most significant funds – not the BioDistrict as a whole. Funds are accounting devices that the BioDistrict uses to keep track of specific sources of funding and spending for particular purposes. Some funds may be required by State law and by bond covenants.

The BioDistrict currently has one fund – its general fund, which accounts for all of its start-up funding and costs.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 7 through 10 of the accompanying audit report.

**ECONOMIC FACTORS**

During its start-up phase the BioDistrict was dependent on intergovernmental grants for its revenues. In late 2012, the BioDistrict adopted its first business plan, and its master and business development strategic plans that called for the assessment of development fees as well as several revenue measures for services to be rendered by the district to third parties. Management has been pursuing a variety of options and strategies including using its bond financing and public private partnership authority to provide the necessary funding for the long term development of the district and its mission to create sustainable economic growth.

**CONTACTING THE BIODISTRICT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the BioDistrict's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact James P. McNamara, President and CEO, 1515 Poydras, Suite 150, New Orleans, Louisiana 70112.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC  
DEVELOPMENT DISTRICT (THE BIODISTRICT)

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION  
DECEMBER 31, 2012

|  | <u>General Fund</u>  | <u>Adjustments</u> | <u>Statement of<br/>Net Position</u> |
|--|----------------------|--------------------|--------------------------------------|
| <b><u>ASSETS</u></b>                     |                      |                    |                                      |
| Cash and cash equivalents                | \$ 13,544            | \$ -               | \$ 13,544                            |
| Grants receivable                        | 82,925               | -                  | 82,925                               |
| TOTAL ASSETS                             | <u>\$ 96,469</u>     | <u>-</u>           | <u>96,469</u>                        |
| <b><u>LIABILITIES</u></b>                |                      |                    |                                      |
| Accounts payable                         | 83,578               | -                  | 83,578                               |
| Other liabilities                        | 265,445              | -                  | 265,445                              |
| TOTAL LIABILITIES                        | <u>349,023</u>       | <u>-</u>           | <u>349,023</u>                       |
| <b><u>FUND BALANCES/NET POSITION</u></b> |                      |                    |                                      |
| Unrestricted                             | (252,554)            | -                  | (252,554)                            |
| TOTAL FUND BALANCE                       | <u>(252,554)</u>     | <u>-</u>           | <u>(252,554)</u>                     |
| <br>TOTAL LIABILITIES AND FUND BALANCE   | <br><u>\$ 96,469</u> |                    |                                      |
| <br>Net position - unrestricted          |                      | <br>-              | <br>-                                |
| TOTAL NET POSITION                       |                      | <u>\$ -</u>        | <u>\$ -</u>                          |

The accompanying notes are an integral part of the statements.



GREATER NEW ORLEANS BIOSCIENCES ECONOMIC  
DEVELOPMENT DISTRICT (THE BIODISTRICT)

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | <u>General<br/>Fund</u> | <u>Adjustments</u> | <u>Statement<br/>of Activities</u> |
|--|-------------------------|--------------------|------------------------------------|
| <b><u>REVENUES</u></b>   |                         |                    |                                    |
| Grant revenue  | \$ 106,671              | \$ -               | \$ 106,671                         |
| State appropriations   | 25,000                  | -                  | 25,000                             |
| Other  | 43,700                  | -                  | 43,700                             |
| Total revenues   | <u>175,371</u>          | <u>-</u>           | <u>175,371</u>                     |
| <b><u>EXPENSES</u></b>   |                         |                    |                                    |
| Consulting fees  | 121,304                 | -                  | 121,304                            |
| Salaries and benefits  | 193,435                 | -                  | 193,435                            |
| Marketing  | 2,421                   | -                  | 2,421                              |
| Dues, licenses, and subscriptions                                | 2,000                   | -                  | 2,000                              |
| Insurance  | 3,145                   | -                  | 3,145                              |
| Travel and meetings  | 3,632                   | -                  | 3,632                              |
| Supplies and other operating expenses                            | 3,734                   | -                  | 3,734                              |
| Total expenses   | <u>329,671</u>          | <u>-</u>           | <u>329,671</u>                     |
| Excess of revenues over expenditures/<br>changes in net position | <u>(154,300)</u>        | <u>-</u>           | <u>(154,300)</u>                   |
| Fund balance/net position  |                         |                    |                                    |
| Beginning of year  | (98,254)                | -                  | (98,254)                           |
| End of the year  | <u>\$ (252,554)</u>     | <u>\$ -</u>        | <u>\$ (252,554)</u>                |

The accompanying notes are an integral part of these statements.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT  
(THE BIODISTRICT)

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

1. Nature of Activities

The Greater New Orleans Biosciences Economic Development District (the BioDistrict) is a political subdivision of the State of Louisiana as defined in Article VI, Section 44(2) of the Constitution of Louisiana.

The BioDistrict encompasses 1,500 acres spanning the Downtown and Mid-City areas of New Orleans. The BioDistrict is focused on the development of a biosciences industry in New Orleans that will provide world-class biosciences research and development including local, regional, and global healthcare delivery and stable high-paying jobs for professionals, managers, and workers representing a wide range of skills. Through partnerships among major educational and research institutions, private companies, government agencies, and independent foundations, the BioDistrict's purpose is to create opportunities for workforce training and research needed to build a successful biosciences industry.

For its fiscal year ended December 31, 2012, the BioDistrict had an excess of expenditures over revenues of \$154,300, resulting in a net negative ending fund balance of \$252,554. The lack of certain funding of the BioDistrict's operations raises substantial doubt to allow it to continue as a going concern. Management plans to continue its operations include seeking other sources of federal, state and city funding, and other forms of operating revenues as allowed within its charter.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

The accounting policies of the BioDistrict conform to accounting principles generally accepted in the United States of America as applicable to governments and special districts. The following is a summary of the more significant accounting policies:

The BioDistrict's basic financial statements include both government-wide (reporting the BioDistrict as a whole) and fund financial statements (reporting the BioDistrict's fund). Both the government-wide and fund financial statements categorize primary activities as governmental type. The government-wide Statement of Net Position and Statement of Activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term liabilities. The government-wide focus is more on the sustainability of the BioDistrict as an entity and the change in the BioDistrict's net assets resulting from the current year's activities.

The government-wide financial statements utilize FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinion, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT  
(THE BIODISTRICT)

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The BioDistrict's fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. The BioDistrict considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recognized when the related fund liability is incurred.

The fund financial statements provide information about the BioDistrict's governmental funds. The emphasis of fund financial statements is on the major governmental fund. As of December 31, 2012, the BioDistrict had only one fund, the general fund, which is reported as a major fund. In future periods, the BioDistrict may employ multiple funds, some of which will be considered major and presented separately, while others may be considered non-major and reported on a combined basis.

The Financial Reporting Entity

GASB established standards for defining and reporting on the financial entity. GASB Codification indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the BioDistrict as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB codification.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or those amounts with third-party payers.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT  
(THE BIODISTRICT)

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

2. Summary of Significant Accounting Policies (continued)

Net Position

The BioDistrict has implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective fiscal year 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components:

1. Net Investment in capital assets – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.
2. Restricted net position – net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – consist of the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

Fund Balance

In the fund level financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

3. Cash and Cash Equivalents

As a political subdivision of Louisiana, the BioDistrict may deposit funds in state chartered financial institutions or nationally chartered institutions with principal offices maintained within Louisiana. All deposits must be secured against custodial credit risk through either FDIC insurance or pledge of bank securities.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT  
(THE BIODISTRICT)

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

3. Cash and Cash Equivalents (continued)

At December 31, 2012, the carrying amount and the bank balance of the BioDistrict's deposits was \$13,544. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law; at December 31, 2012, all deposits are secured by Federal depository insurance.

4. Cooperative Endeavor Agreements

Effective February 1, 2010, the BioDistrict entered into a cooperative endeavor agreement with the State of Louisiana, Division of Administration, Office of Community Development (OCD) to provide Federal funding to the BioDistrict. The OCD, as administrator of the CBGB Disaster Recovery Program, made available to the BioDistrict \$2.4 million in CBGB disaster recovery funds for the Project. Funds were provided under the OCD Local Government Infrastructure Program. The BioDistrict shall use Grant Funds to develop a District-Wide Plan designed to aid in the recovery, revitalization, and growth of the District into a globally competitive biosciences research epicenter. The project shall include, but is not limited to, the compilation of three separate studies/components: (1) Master Plan; (2) an Economic Baseline and Impact Study; and (3) a Legislative Study.

5. Compensation of the Board of Commissioners

The thirteen members of the BioDistrict's Board of Commissioners serve without compensation.

6. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 21, 2013, and determined that there were no items for disclosure.

GREATER NEW ORLEANS BIOSCIENCES ECONOMIC  
DEVELOPMENT DISTRICT (THE BIODISTRICT)

BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | <u>Budget</u>      | <u>Actual</u>    | <u>Variance</u>    |
|--|--------------------|------------------|--------------------|
| <b><u>REVENUES</u></b>   |                    |                  |                    |
| Grant revenue  | \$ 200,000         | \$ 106,671       | (93,329)           |
| State appropriations   | 290,000            | 25,000           | (265,000)          |
| Other  | 1,105,522          | 43,700           | (1,061,822)        |
| Total revenues   | <u>1,595,522</u>   | <u>175,371</u>   | <u>(1,420,151)</u> |
| <b><u>EXPENSES</u></b>   |                    |                  |                    |
| Consulting fees  | 1,118,522          | 121,304          | (997,218)          |
| Salaries and benefits  | 404,250            | 193,435          | (210,815)          |
| Rent and utilities   | 35,000             | -                | (35,000)           |
| Marketing  | 10,000             | 2,421            | (7,579)            |
| Dues, licenses, and subscriptions                                | -                  | 2,000            | 2,000              |
| Insurance  | 5,000              | 3,145            | (1,855)            |
| Travel and meetings  | 10,000             | 3,632            | (6,368)            |
| Supplies and other operating expenses                            | 12,500             | 3,734            | (8,766)            |
| Total expenses   | <u>1,595,272</u>   | <u>329,671</u>   | <u>(1,265,601)</u> |
| Excess of revenues over expenditures/<br>changes in net position | <u>250</u>         | <u>(154,300)</u> | <u>(154,550)</u>   |
| Fund balance/net position  |                    |                  |                    |
| Beginning of year  | <u>(98,254)</u>    | <u>(98,254)</u>  | <u>-</u>           |
| End of the year  | <u>\$ (98,004)</u> | <u>(252,554)</u> | <u>(154,550)</u>   |

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT**  
**(THE BIODISTRICT)**

**SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2012**

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: Compilation of Independent Accountant
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: N/A Material weaknesses: N/A
- (c) Noncompliance which is material to the financial statements: N/A
- (d) Significant deficiencies in internal control over major programs: N/A  
Material weaknesses: N/A
- (e) The type of report issued on compliance for major programs: N/A
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: N/A
- (g) Major programs: N/A
- (h) Dollar threshold used to distinguish between Type A and Type B programs: N/A
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: N/A

**GREATER NEW ORLEANS BIOSCIENCES ECONOMIC DEVELOPMENT DISTRICT**  
**(THE BIODISTRICT)**

**SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2012**

- (2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

2012-1

Louisiana Local Government Budget Act

Criteria:

LA Revised Statute 39:1305 requires budgets for local governments be made available to the public and for a notice of availability to the public be published in the local journal at least 10 days prior to the public hearing for the budget. After a hearing allowing for public comment, the budget should be adopted in open session prior to the beginning of the entity's fiscal year.

LA Revised Statute 39:1305 also requires a budget message to accompany the proposed and adopted budget.

LA Revised Statute 39:1305 also requires that budgets be amended when actual revenues and expenditures fall short of or exceed, respectively, budgeted amounts by more than 5%.

Condition:

Although the budget was adopted in a Board meeting that was open to the public, the BioDistrict did not notify the public of the availability for the budget in the local journal and did not hold a public hearing. Additionally, the budget did not include a budget message. Finally, actual revenues fell short of the budgeted amount by more than 5%.

Effects:

The BioDistrict was non-compliant with the statute.

Cause:

The uniqueness of the BioDistrict with respect to its enabling legislation and the start-up nature of the BioDistrict's operations resulted in misunderstanding of the laws that applied to the BioDistrict.

Recommendation:

We recommend compliance with the statute in future years.

Management's Response: The income and expense adopted in the 2012 budget were best estimates as of December 2011. Due to the uncertainty of the BioDistrict's funding sources, the organization was unable to submit a budget in accordance with the above guidelines. Management fully expects to be in compliance for fiscal year 2013.